

Message Text

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73

ACTION EUR-25

INFO OCT-01 ADP-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 NSC-10 SS-15 STR-08 CEA-02 PA-03

PRS-01 USIA-12 RSR-01 /151 W
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R 271655 Z JUN 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC 5960

INFO USMISSION BERLIN

AMCONSUL BREMEN

AMCONSUL DUESSELDORF

AMCONSUL FRANKFURT

AMCONSUL HAMBURG

AMCONSUL MUNICH

AMCONSUL STUTTGART

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION OECD PARIS

UNCLAS BONN 9232

ALSO PASS COMMERCE, TREASURY AND FEDERAL RESERVE

E. O. 11652: N/ A

TAGS: BEXP, EFIN, GW, US

SUBJECT: INVEST IN USA PUBLICITY

REF: BONN 8125 NOTAL

1. FRONT PAGE LEAD ARTICLE OF JUNE 26 HANDELSBLATT (GERMAN
EQUIVALENT OF WALL STREET JOURNAL) ENTITLED " PRODUCTION IN USA
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BECOMING MORE PROFITABLE. CHEAP DOLLARS RESERVE FLOW OF INVESTMENT."

2. THE ARTICLE SAYS THAT ACCORDING TO OBSERVATIONS BY AMERICAN AND EUROPEAN BANKS THE INDICATORS POINTING TO A CHANGE IN THE DIRECTION OF INVESTMENT FLOWS BETWEEN THE UNITED STATES AND EUROPE ARE INCREASING. MARKEDLY INCREASED INTEREST IN DIRECT INVESTMENT IN THE UNITED STATES ON THE PART OF JAPANESE AND EUROPEAN FIRMS ALSO IS BEING REGISTERED.

3. THE REASONS CITED INCLUDED THE DECLINING PRICE OF THE DOLLAR ON FOREIGN EXCHANGE MARKETS AND THE REALIZATION BY MANAGEMENT THAT DIRECT INVESTMENT IN THE UNITED STATES OR THE PURCHASE OF AN EXISTING U. S. FIRM NOW OFFERS GREATER PROFIT POTENTIAL THAN EXPANDING DOMESTIC CAPACITY FOR FILLING IMPORT ORDERS FROM THE UNITED STATES. THE ARTICLE NOTES THAT IN THIS RESPECT, THE MONETARY CHANGES OF THE PAST TWO YEARS PARTICULARLY BENEFIT GERMAN FIRMS DUE TO RELATIVELY GREATER DOLLAR- MARK PARITY SHIFT.

4. ARTICLE CONCLUDES WITH REFERENCE TO UNIDENTIFIED SKEPTICS, SOME OF WHOM BELIEVE THAT OVER THE SHORT TERM THE DOLLAR MAY DECLINE STILL FURTHER DUE TO THE PERMANENT PRESSURES EMANATING FROM THE DOLLAR SALES BY NEAR EASTERN COUNTRIES. SOME ALSO DOUBT THAT PRESIDENT NIXON'S POLICIES TO COMBAT INFLATION WILL SUCCEED. THE SWISS BANK IS QUOTED AS ANTICIPATING AN AGGRESSIVE WAGE POLICY BY AMERICAN UNIONS IN VIEW OF INFLATIONARY TRENDS AND HIGHER COMPANY PROFITS.

5. FULL TRANSLATION TO FOLLOW BY AIRGRAM.

6. EMBASSY COMMENT: THIS IS THE MOST PROMINENTLY FEATURED ARTICLE OF A NUMBER ON DIRECT INVESTMENT IN THE UNITED STATES WHICH HAVE APPEARED IN THE GERMAN TRADE AND DAILY PRESS IN RECENT WEEKS. UNLIKE THE SERIES ON HOSTILE ATTITUDES ENCOUNTERED BY FOREIGN BANKS (REFTEL), CURRENT STORY STRIKES A POSITIVE AND ENTICING TONE. HILLENBRAND

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*** Current Classification *** UNCLASSIFIED

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